

Chairman Doug Ose
Opening Statement
What is the Bush Administration's Record in Regulatory Reform?
November 17, 2004

Three years ago, the Small Business Administration (SBA) estimated that, in 2000, Americans spent \$843 billion to comply with Federal regulations. SBA's report concluded, "Had every household received a bill for an equal share, each would have owed \$8,164." The report also found that, in the business sector, those hit hardest by Federal regulations are small businesses. Regulations add to business costs and decrease capital available for investment and job creation.

As a former owner of small businesses, I am especially aware of the need to relieve existing regulatory and paperwork burdens. This is my 12th and last hearing as a Government Reform Subcommittee Chairman towards this end. This problem is also important to this Administration. Point #4 in the President's February 2004 6-Point Economic Growth Plan was "[s]trengthening regulations and reporting requirements."

Heritage scholar James Gattuso, who is with us today, analyzed the Bush record. In this September 28, 2004 paper entitled, "Reining in the Regulators: How Does President Bush Measure Up?," he found, "So far, he has done much better than his recent predecessors at limiting the growth of regulations. However, he has a much weaker record on eliminating existing rules." Reviewing the base of existing rules is critical. As a consequence, on September 22nd, Congressman Gresham Barrett introduced, with my co-sponsorship, H.R. 5123, "Major Regulation Cost Review Act of 2004." This bill would require agencies to review all major rules (imposing \$100 million or more) within 10 years after issuance, including using a standard government-wide cost-benefit analysis methodology.

Because of Congressional concern about the increasing costs and incompletely estimated benefits of Federal rules and paperwork, in 1996, Congress required the Office of Management and Budget (OMB) to submit its first regulatory accounting report. In 1998, Congress changed the report's due date to coincide with the President's Budget. In 2000, Congress made this a permanent annual reporting requirement. Besides requiring a regulatory accounting statement and an associated report assessing the impacts of Federal rules, Congress required OMB to annually include recommendations for regulatory reform.

To date, OMB has issued six final regulatory accounting reports and one draft report that has not yet been finalized. The Clinton Administration issued the first three; the Bush Administration the last four. The Clinton Administration's reports only included one recommendation for reform: electricity restructuring. The Bush Administration sought public nominations in its 2001, 2002 and 2004 draft reports. In sum, the result was 71 nominations in 2001 and 316 nominations in 2002. The number of nominations received in 2004 is unknown to us. Two of the four agencies with the most rules nominated are with us today: the Environmental Protection Agency (EPA) and the Department of Labor (DOL).

Today, the Subcommittees will examine the nomination process and the reform results to date. We will pay particular attention to public nominations affecting small business and several existing rules issued or to be issued by EPA and DOL. These include EPA's Toxic Release Inventory (TRI), New Source Review, and mercury, and DOL's implementation of the Family and Medical Leave Act (FMLA). This Subcommittee has previously heard testimony about the burdens associated with TRI and FMLA.

I look forward to the testimony of our witnesses. They include: Dr. John D. Graham, Administrator, Office of Information and Regulatory Affairs, OMB; Stephen L. Johnson, Deputy Administrator, EPA; Howard M. Radzely Solicitor, DOL; Thomas M. Sullivan, Chief Counsel for Advocacy, SBA; William Kovacs, Vice President, Environment, Technology and Regulatory Affairs, U.S. Chamber of Commerce; Todd O. McCracken, President, National Small Business Association; Nancy McKeague, Senior Vice President, Michigan Health & Hospital Association, representing the Society for Human Resource Management; James L. Gattuso, Research Fellow in Regulatory Policy, The Heritage Foundation; Catherine O'Neill, Associate Professor, Seattle University School of Law, representing the Center for Progressive Regulation; and, John A. Paul, Supervisor, Regional Air Pollution Control Agency, Dayton, Ohio, representing the State and Territorial Air Pollution Program Administrators.